

Legislative Memorandum from:



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**Testimony of
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Verizon
Connecticut Senate Bill 278
Before the
Connecticut Joint Committee on Energy & Technology
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On behalf of Verizon, I submit this testimony in opposition to Senate Bill 278, which would impose a new tax on internet access and video streaming services to fund public access television.

Community Advocates are once again asking for legislation that would require the Public Utilities Regulatory Authority (PURA) to establish a fee paid by subscribers of video streaming, Internet access and cable television.

On the face, this legislation is intended to provide additional funding support for public, educational, and government access channels (PEG Access channels). A closer look at this issue reveals that the advocates for this new gimmick would create significant impact on a variety of services provided across the internet to Connecticut consumers, who may never watch PEG programming. Not only does the proposal anticipate the creating of a fee (likely some percentage of revenue from streaming service providers, but also imposes additional administrative and compliance costs upon PURA. These costs do not simply go away and, in the end, it will be Connecticut consumers who will ultimately bear the costs related to this funding scheme.

Like many industries over the past decade, including the landline telephone and cable industries, community access television is experiencing disruption brought about by innovation and changes in technology. However, consumers' decision to shift video viewing to streaming services is not a justification to impose a fee on streaming content – streaming content with no relationship to PEG access channels.

The concept raised by supporters is fundamentally flawed in that it seeks to fund PEG Access channels which have no nexus to streaming services. This legislation is incorrectly premised upon a theory which would extend the state's cable franchise process to streaming entertainment. The legislation proposes regulation of streaming service providers because their service uses the public rights-of-way (ROW) to deliver video, music and other digital content, but this is a false view. Streaming services delivered over the internet do not occupy the public ROW any more than other products and services purchased online. To date, Connecticut has not charged fees or taxes for digital goods and services purchased online and this legislation represents a significant and broad policy shift.

Although the cable franchise model should not apply here, it's important to note that cable franchise fees are statutorily permitted to be passed on to consumers, a charge which appears on cable consumer's monthly bill. Similarly, any new fee proposed by PURA under this funding scheme that targets steaming services has a direct cost impact to consumers.

For these reasons, Verizon respectfully requests that lawmakers not move this bill. Thank you for your consideration.